



FINANCE COMMITTEE

**DCBID Administrative Offices
626 Wilshire Blvd, Suite 200
Los Angeles, CA 90017**

FINANCE COMMITTEE MINUTES

March 16, 2011

1. The meeting was called to order at approximately 3:10 PM. Committee members present were Kathy Faulk, Patrick Spillane, and Carol Schatz. Karen Boyle, Interim Director of Finance and Administration, was also in attendance. Peter Zen attempted to conference in via cell phone, but his connection made it impossible for him to participate.
2. The Committee reviewed the January 2011 meeting minutes. Ms. Faulk moved to approve the minutes, and Mr. Spillane seconded the motion. The minutes were unanimously approved.
3. Ms. Faulk reviewed the 2010 December Financial Statements. The major points brought to the committee's attention follow:
 - o The delinquent assessment receivable and corresponding allowance for uncollectable assessments is \$225,000. As agreed to in the prior committee meeting, DCBID wrote off \$205,000 in delinquent assessments owed by Cal-Trans. However, the total delinquent assessments balance only decreased by \$158,000 from November due to a rollover of delinquent assessments owed by private property owners attributable to 2009, not reflected on our books until December. Ms. Boyle provided a list of 6 private property owners that account for 76% of the total \$179,000 delinquent assessments for privately owned property. Assessment delinquencies for government owned buildings totaling \$45,000 remain on the books, but we do not know if this is a valid balance. Ms. Boyle has attempted on several occasions to determine the validity of this balance with the City, but has not yet been successful. There was some discussion about whether or not to go ahead and write off the remaining government delinquencies and/or write off amounts that are several years delinquent. Since an additional write-off has no 2010 financial expense impact, the Committee decided to leave the balance as is for now.

FINANCE COMMITTEE MINUTES

March 16, 2011

(Continued)

- The net decrease in assets for the year is \$330,000, versus a budgeted net decrease of \$228,000, an unfavorable budget variance of \$101,000. However, our net operating deficit is \$394,000 versus a budgeted deficit of \$478,000 resulting in an \$84,000 favorable variance. Other Income/Expense had a net income amount of \$64,000 versus budgeted net income of \$250,000, an unfavorable budget variance of \$186,000. HDBID transactions created \$93,000 of the unfavorable variance. We created a bad debt reserve of \$55,000 due to HDBID's refusal to pay the full amount due for 2010 services, and \$38,000 due to HDBID's decreasing the level of service provided by us after we finalized the 2010 budget.
 - Both Public Safety and Maintenance are substantially under budget due to staffing turnover throughout the year. December activity reflects a medical insurance credit due to application of [REDACTED] paycheck deductions for [REDACTED] dependent's insurance that was not applied until December.
 - For Marketing Expenses, the Guide to Downtown Retail shows a \$90,000 December expense and \$64,000 annual expense for the year. This is the result of advertising sold previously in the year, offsetting the \$35,000 cost of production. The \$3,000 credit seen in December for Downtown Retail Directory is due to reclassifying this amount to Guide to Downtown Retail.
 - The various December credits seen in Economic Development expense lines are due to expense reclassifications to Fall Tour.
 - Administrative Expenses were \$91,000 for the year, \$46,000 over budget. This is due to under-accrued 2009 accounting expense, and legal fees over budget as discussed in previous meetings. Consulting services are over budget by \$20,000 which are partially offset by salary and payroll tax expense under budget by approximately the same amount due to the COO's departure.
4. Ms. Faulk moved to approve the financial statements as presented. Mr. Spillane seconded the motion, which was unanimously approved.
5. There being no further business to discuss, the meeting adjourned at 3:40 PM.